

PRE-BOARD EXAMINATION-2020-21

SUBJECT - BUSINESS STUDIES

Class: XII (CBSE)

Total Marks: 80

Date.....

Time: 3 hrs.

GENERAL GUIDELINES:

- a) Question No. 1-20 are Objective Type/ MCQ questions carrying 1 mark each.
- b) Question No. 21-25 are short answer I questions carrying 3 marks each. Answers to these questions may be in 50 to 75 words.
- c) Question No. 26-28 are also short answer II questions carrying 4 marks each. Answers to these questions may be in about 120 words.
- d) Question No. 29 - 31 are long answer I questions carrying 5 marks each. Answers to these questions may be in about 150 words.
- e) Question No. 32-34 are very long answer II questions carrying 6 marks each. Answers to these questions may be in about 200 words.
- f) There will be Internal Choice in questions of 3 marks (1 choice), 4 marks (1 choice), 5 marks (2 choices) and 6 marks (2 choices). In all, total 6 internal choices
- g) Marks for questions are indicated against each question.
- h) Answers should be brief and to the point, and the above word limits should be adhered to as far as possible.
- i) All questions are compulsory.

1. Tomato Ltd., a food delivery service app has recently faced criticism for the tampering of their product, by their delivery boys. Tomato Ltd. decided to put a hologram seal on the food packets in order to protect the contents from spoilage, leakage, pilferage, damage, along with a tag with a safety warning for the consumers to check the seal. Which concept of marketing discussed above is performing the important function of communicating with the potential buyer and promoting the sale. 1
- A. Branding
 - B. Product designing and development;
 - C. Labelling
 - D. Packaging

2. Match the following examples along with the packaging function performed 1

a. Toothpaste Tube	1.Promotion
b. Rooh-afza bottles: glass bottles to plastic bottles	2. Identification
c. Starling Color schemes on the chips packets	3.Protection
d. Orange and white color in ICICI fonts	4.Facilitation in use

Options:

- A. a-4, b-3, c-1, d-2
- B. a-3, b-4, c-1, d-2
- C. a-4, b-3, c-2, d-1
- D. a-4, b-1, c-3, d-2

3. When a trade bill is accepted by a commercial bank, it is known as: 1
- A. Bills of exchange.
 - B. Commercial paper
 - C. Commercial bill
 - D. Treasury bill
4. _____ is not a participant in money market. 1
- A. Mutual funds
 - B. RBI
 - C. NBFCs
 - D. SEBI
5. Large scale production done to reduce the average cost of production is the essence of _____ concept of Marketing management. 1
- A. Product
 - B. Selling
 - C. Production
 - D. Marketing
6. Saumya decided to start a business of selling dress material from her house. She did various online surveys to find out about the preferences of prospective customers. Based on this, she prepared a detailed analysis of the business. She then made important decisions including deciding about the features, quality, packaging, labelling and branding of the dress material. Identify the element of Marketing Mix discussed above. 1
- A. Promotion
 - B. Market
 - C. Product
 - D. Place
7. To meet the objectives of the firm the management of Angora Ltd. Offer employment to physically challenged persons. Identity the organizational objective it is trying to achieve. 1
8. Dheeraj is working as „Operations Manager“ in Tifco Ltd. Name the managerial level at which he is working. 1
9. “It is common now to see CD-ROM”s, computerized information kiosks, and Internet /Word Wide Web multimedia pages highlighting the virtues of products.” Name the dimension of the business environment highlighted by this statement. 1
10. It is the process by which government control over the industry is being loosened. Give the term to which this statement is trying to indicate. 1
11. Rahul, a worker, is given a target of assembling two computers per day. Due to his habit of doing things differently, an idea struck him which would not only reduce the assembling time of computers but would also reduce the cost of production of the computers. Rahul’s supervisor instead of appreciating him, ordered him to complete the work as per the methods and techniques decided earlier as nothing could be changed at that stage. The above para describes one of the limitation of planning 1

- function of management. Name that limitation.
- 12 A company has its registered office in Delhi, manufacturing unit at Gurgaon & marketing & sales department at Faridabad. The company manufactures the consumer products. Which type of organization structure should it adopt to achieve its targets? 1
- 13 A person buys 100 shares @ Rs 100 per share of XYZ company. After some time the market price of shares becomes Rs 120 per share. How much wealth shall he have in the company? 1
- (a) Rs 12,000 (b) Rs 8,000 (c) Rs 10,000 (d) Rs 10,120
- 14 Grouping of activities according to the common traits is 1
- 15 Companies with a higher growth pattern are likely to: 1
- (a) Pay lower dividends (b) Pay higher dividends (c) Dividends are not affected by growth considerations (d) None of the above
- 16 Financial leverage is called favourable if: 1
- (a) Return on Investment is lower than the cost of debt
- (b) ROI is higher than the cost of debt
- (c) Debt is easily available
- (d) If the degree of existing financial leverage is low
- 17 _____ is objection to advertisement. 1
- (a) Undermines social values (b) Decrease in price (c) Knowledge on various products
- (d) Improvement in Quality of Product
- 18 Ravi has 200 shares of Reliance Industries. Reliance came out with a fresh issue of shares and offers Ravi to subscribe for new shares. He was given option to buy 1 share for every two shares held by him. Name the method of issuing financial instrument. 1
- 19 Shreemaya Hotel in Indore was facing problem of low demand for its rooms due to off season. The Managing Director (MD) of the hotel, Mrs. Sakina was very worried. She called upon the Marketing Manager, Mr. Kapoor for his advice. He suggested, that the hotel should announce an offer of 3 days and 2 Nights hotel stay package with free breakfast and one day religious visit to Omkarehswar and Mahakaleshwar Temples. The MD liked the suggestion very much. Identify the promotional tool, which can be used by the hotel through which large number of prospective pilgrimage tourists, all over the country and also abroad, can be reached, informed and persuaded to use the incentive. 1
- 20 Tata International Ltd. earned a net profit of Rs. 50 crores. Ankit the finance manager of Tata International Ltd. wants to decide how to appropriate these profits. Identify the decision that Ankit will have to take. 1
- 21 Parul is a supervisor at 'Shyam Breads and Biscuits Factory'. The factory produces 20,000 packets of bread and biscuits every day. As a supervisor Parul ensures that work goes on smoothly and there is no 3

interruption in production. She is a good leader who gives orders only after consulting her subordinates, working out the policies with the acceptance of the group.

Identify and explain the leadership style being adopted by Parul.

22. “Controlling is an indispensable function of management. Without controlling the best of plans can go awry “. Do you agree? Explain any two reasons in support of your answer. 3

OR

“It is generally believed that measurement of performance should be done after the task is completed.” Identify and explain the step in the process of the function of management being discussed above and the step followed by the same in the process.

23. Differentiate between formal and informal communication on the basis of: 3

i. Authority

ii. Origin

iii. Direction of flow of communication

24. A domestic automobile company had monopoly market for small cars in India. The company was performing well with 10% increase in sales every year. Encouraged by this, the Managing Director kept a target of 15% increase in sales for the next year. But at the same year a foreign company entered in Indian market with their small cars with a reduced price, and because of it the company couldn't achieve its target. 3

i. Identify and explain the limitation of one of the functions of management because of which the company couldn't achieve the target.

ii. Explain any other two limitations of the same function.

25. Narrate any four factors determining the Price of a product. 3

26. Lasika Ltd. is engaged in the production of packaged juice since 2005. Over this period, a large number of competitors have entered the market and are putting a tough challenge to ‘Lasika Ltd.’. to face this challenge and to increase its market share, the company has decided to replace the old machinery with an estimate cost of Rs.100 crores. To raise the finance, the company decided to issue 9% Debentures. The finance department of the company has estimated that the cost of issuing the 9% debentures will be Rs.10, 00,000. The company wants to meet these issue expenses. 4

a) Explain the instrument that the company may issue for this purpose.

b) Name the term used to finance these issue expenses.

c) In which type of financial market, is the instrument explained in (a) above traded?

27. Dharmendra wants to start a business of selling N-95 masks after the outbreak of the global pandemic of COVID-19. Due to the uncertain market conditions he wants to make a low investment in fixed capital. Suggest how the decisions related to the choice of technique and financing alternatives can help Dharmendra in ensuring a low investment in fixed capital requirements. 4

OR

Explain any four factors that can affect the working capital requirement of a company.

28. Describe various channels of Distribution with examples. 4
29. Rupesh, an MBA degree holder happened to stay for few weeks in a village of Bhagalpur, Bihar. During his stay, Rupesh found that the people of the village are suffering the exploitation from local merchants, who were practicing unscrupulous and exploitative trade practices. After looking at the suffering of the people he decided to set up an organisation to protect and promote the interest of consumers of the town. 5

Can he complaint a file against local merchants? If yes, to whom can he approach? State the redressal machinery.

30. Differentiate between capital market and money market on the basis of: 5
- i. Safety ii. Participants' iii. Instruments iv. Liquidity
31. 'Management is a profession like medical or legal profession'. Do you agree with this statement? Give reasons to support your answer. 5
32. SARA Ltd. wants to raise funds of Rs. 40, 00,000 for its new project. The management is considering the following mix of debt and equity to raise this amount: 6

ALTERNATIVE	I (Rs.)	II (Rs.)	III (Rs.)
EQUITY	40,00,000	30,00,000	10,00,000
DEBT	0	10,00,000	30,00,000

Interest = 9%

Tax rate = 30%

EBIT = Rs. 8,00,000

- a) Under which of the three alternatives will the company be able to take advantage of trading on Equity?
- b) Does EPS always rise with increase in debt? Why?
33. Smita had been working as an assistant manager with "Johnson Enterprises" for the last ten years. She was very popular amongst her colleagues because of her commitment and dedication towards the work. When the manager senior to her retired, all her colleagues thought that now Smita would be promoted. But to everyone's surprise the vacant post was filled by an outsider, Mrs. Rita. Smita felt demoralized and her performance started declining. She would abstain herself often and could not meet her targets. Mrs. Rita was a good leader, who would not only instruct her subordinates but would also guide and inspire them. She noticed Smita's behaviour and felt that her performance could be improved. She started involving Smita in decision making-issues related to the organization and made her a part of high level joint-management committed. Smita was now punctual in office and her performance started improving. 6
- a) Identify the function of management being performed by Rita.
- b) Name the element of the above function of management which helped Rita to improve Smita's behaviour.

c) State any four features of the element identified in (ii) above.

34. Surya Pharmaceutical Ltd. was developing medicine to cure COVID-19. After successful trial, the company launched the product in the market. The total cost of producing the medicine was Rs.100 per tablet. But in the absence of competition, the company decided to charge price Rs.1, 000 per tablet, to earn huge profits and cover the cost of research and development at the earliest. The patients were willing to pay any price for this life saving drug. However, patients belonging to weaker section of society found it difficult to buy the medicine. On receiving several complaints, the government drug control agency found out that Surya Pharmaceutical Ltd. is charging very high price. The government fixed the upper-price limit of Rs.130 per tablet.

The above para describes a number of factors that affect the fixation of the price of the product. Identify by quoting the lines and explain these factors.

OR

“The elements of marketing mix are popularly known as 4 Ps of marketing.” Briefly explain these elements.

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